

6075

REPORT ON
DIAMOND DRILLING PROGRAMME

by

E.A. Schink - B.Sc.
G.R. Peatfield - P.Eng.

KAY

on the

S.I.B., T.O.K. and KAY CLAIMS

Situated near Tom MacKay Lake
in the Skeena Mining Division

56°38' N; 130°28' W
N.T.S. 104B/9W

owned by

Texasgulf Canada Ltd.

November 1976

Vancouver, B.C.

104 B/9W

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
NO. <u>6075</u>

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
LOCATION, ACCESS & TERRAIN	1
HISTORY	1
DIAMOND DRILLING	2
APPENDIX A: Summary Drill Logs	
APPENDIX B: Diamond Drill Contract	
APPENDIX C: Statements of Qualification	
APPENDIX D: Statement of Expenditures	

LIST OF FIGURES

1. Location Map	1:50,000	follows Page 1
2a-b. Claim Grouping Sketches	1:40,000	follows Page 2
<i>MAP</i> 3. Drill Hole Location Map	1: 5,000	in pocket

INTRODUCTION

The Eskay Creek Property, totalling 46 contiguous old-style mineral claims, is presently held by Texasgulf Canada Ltd. under option from Consolidated Silver Butte Mines, Ltd. and Stikine Silver, Ltd. The claims cover areas containing polymetallic base and precious metal mineralization in Jurassic volcanic rocks.

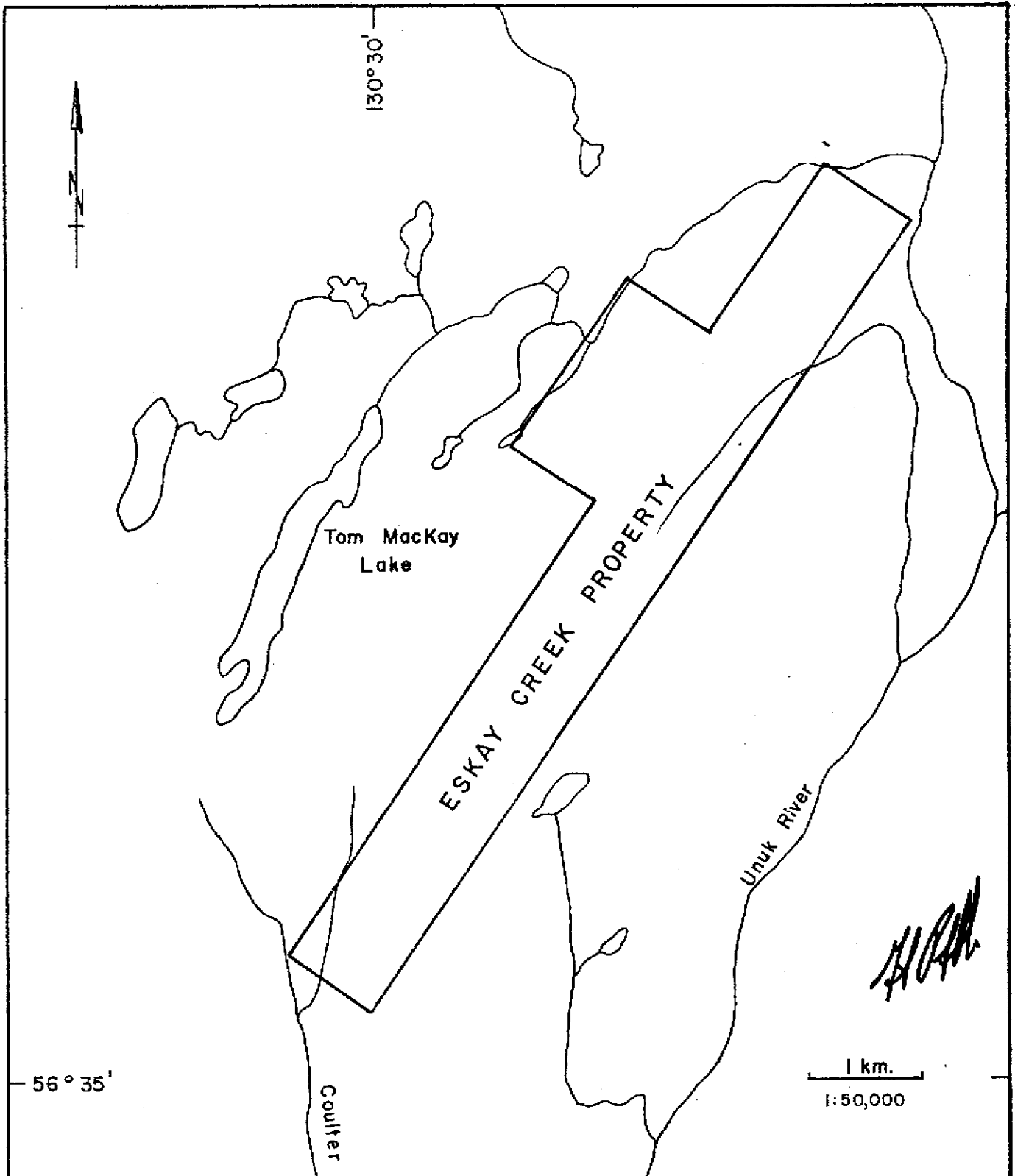
This report is based on a programme of diamond drilling undertaken by Texasgulf in 1976.

LOCATION, ACCESS & TERRAIN

The property is located about 4 km. east of Tom MacKay Lake, between the Unuk and Iskut Rivers, and some 80 km. NNW of Stewart (see Fig. 1). Access is by helicopter from Stewart or points on the Stewart-Cassiar Highway, notably Bob Quinn Lake, some 40 km. to the N.E. Terrain in the work area is rough, with local high relief, of the order of 100 m.

HISTORY

The property has a long history of exploration, principally for precious metals, by various interests since its discovery in 1932 by a party headed by T.S. MacKay (see BCMM Annual Reports: 1933, p.61; 1934, pp. B30-B33; 1953, pp. 87-89; 1970, pp. 64-65). This work has included an aggregate of 950 feet of underground work in two adits, several thousand feet of diamond drilling, and much



MINERAL RESOURCES BRANCH
 ASSESSMENT REPORT
 No. 6075

Texosgulf, Inc.		
Fig. 1		
LOCATION MAP ESKAY CREEK PROPERTY		
104B/9W		
WORK BY	DRAWN BY	DATE
G.R.P.	G.R.P.	OCTOBER, 1976

surface trenching. In 1971, a shipment of 1.68 tons yielded 0.3 oz. Au., 239 oz. Ag., 64 lbs. Pb., 94 lbs. Zn.

In 1975, Texasgulf undertook a programme consisting of geological evaluation, cutting of some 33.9 km. of geophysical line, and geophysical surveys (E.M. and Mag.) on a portion of the grid.

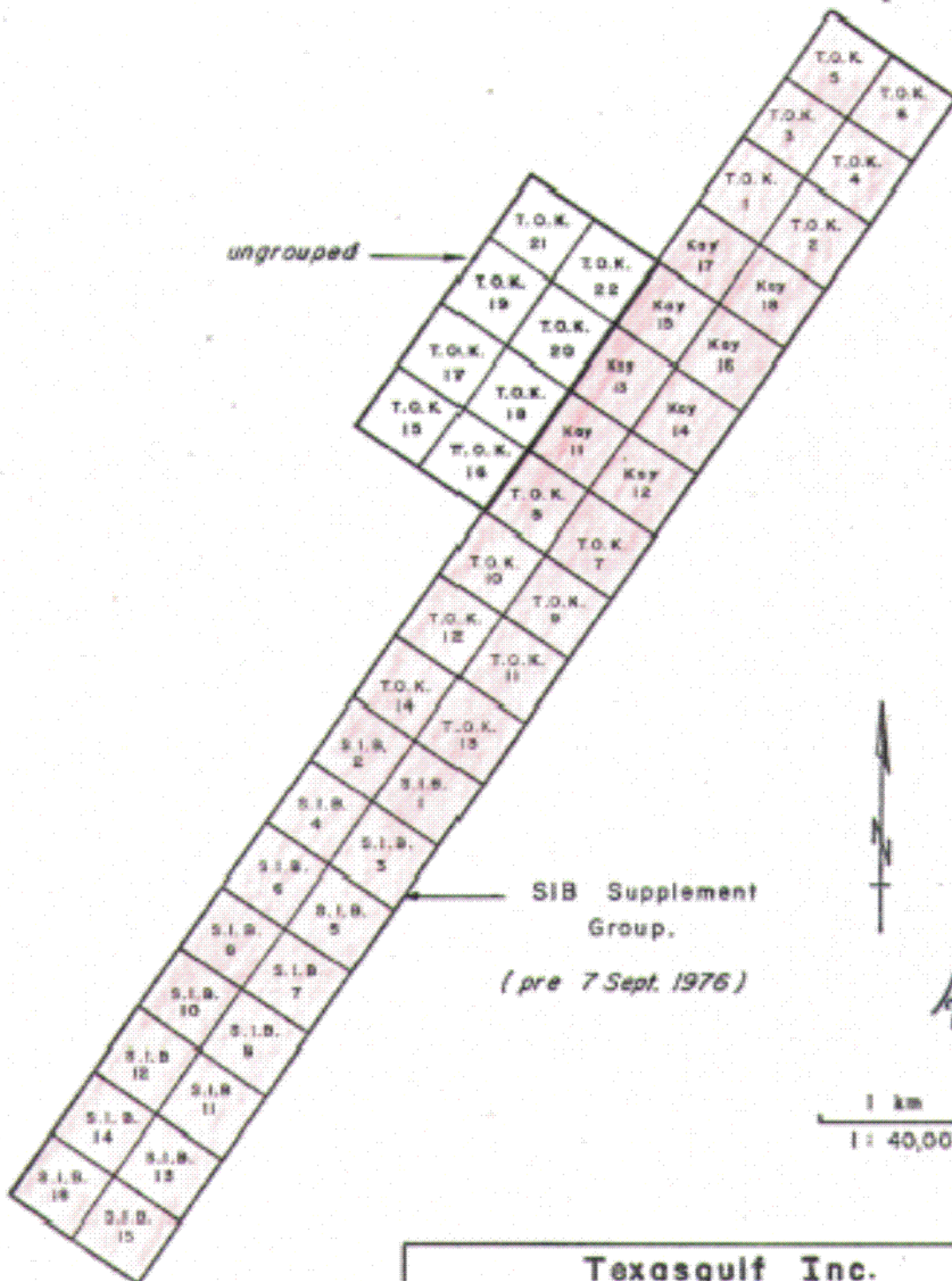
The two most recent claim groupings on the property are outlined on Figs. 2a & b.

DIAMOND DRILLING

A total of 7 diamond drill holes, aggregating 373.4 metres, were put down on the Kay 11 and Kay 15 mineral claims. The locations of the hole collars are shown on Fig. 3, and copies of summary geologic logs are included in Appendix A. Assays were not claimed for credit and are therefore not included. The drilling was done by D.W. Coates Enterprises Ltd., and a copy of the drill contract is included as Appendix B. Core is stored on the property. Work was completed during the period August 16 to September 2, 1976.

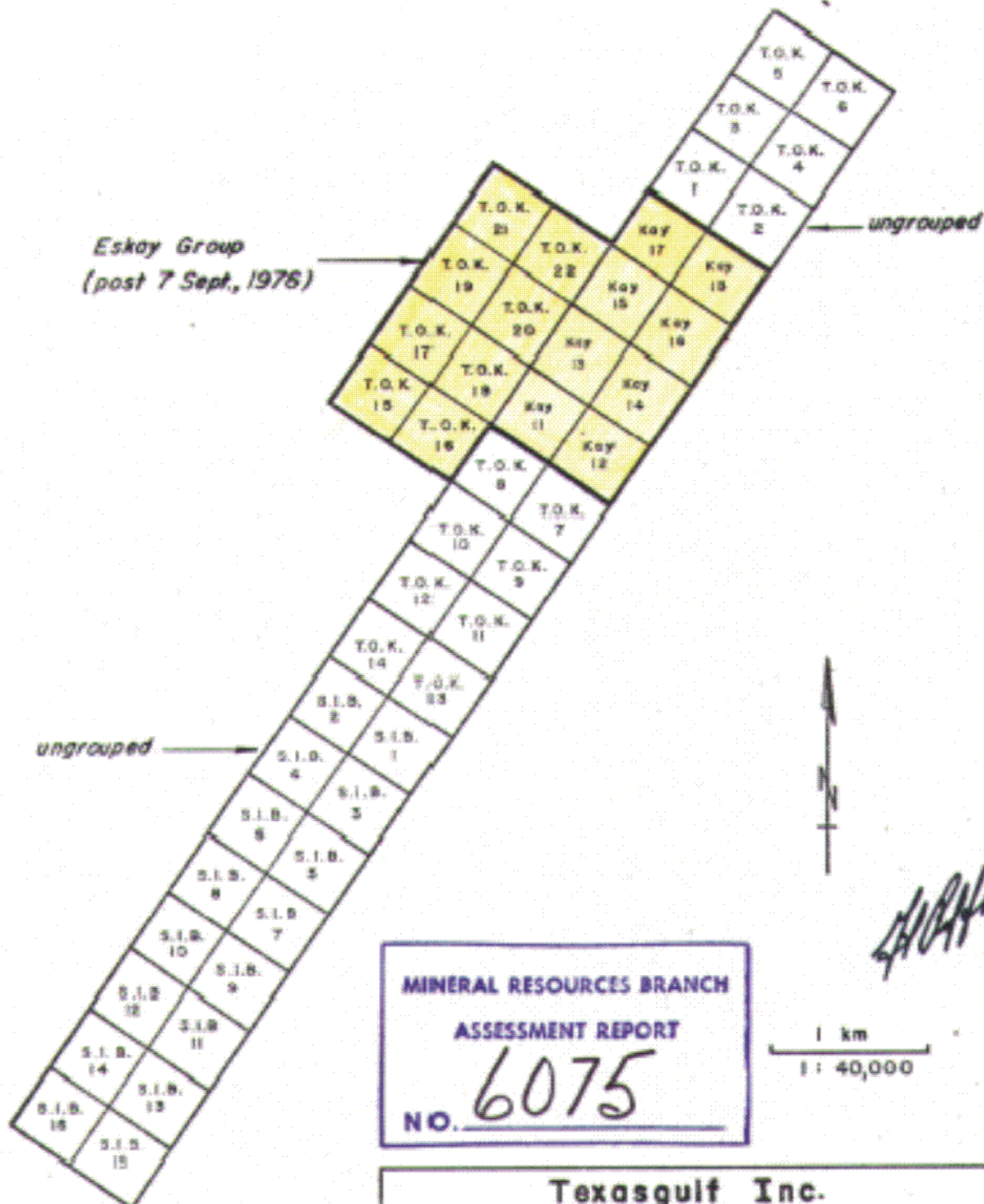


G.R. Peatfield, P.Eng.



MINERAL RESOURCES BRANCH
 ASSESSMENT REPORT
 No. 6075

Texasgulf Inc.		
Fig. 2a		
CLAIM GROUPING SKETCH		
ESKAY CREEK PROPERTY		
104B/9W		
WORK BY	DRAWN BY	DATE
G.R.P.	G.R.P. & E.R.	OCTOBER, 1976.



MINERAL RESOURCES BRANCH
 ASSESSMENT REPORT
 No. 6075

1 km
 1:40,000

[Handwritten signature]

Texasgulf Inc.		
Fig. 2b		
CLAIM GROUPING SKETCH		
ESKAY CREEK PROPERTY		
104B/9W		
WORK BY	DRAWN BY	DATE
G.R.P.	G.R.P. & E.R.	OCTOBER, 1976.

APPENDIX A

SUMMARY OF DRILL LOGS

PROPERTY: ESKAY CREEK	TEXASGULF INC. DRILL HOLE LOG	HOLE NO. 1-K76	
LOCATION: 10,595 N, 9695 E		CLAIM: KAY 15	
AZIM: 138° ELEV: 1040 m. DIP: -45°		SECTION: 10,595 N	
DEPTH: 63.4 m. CORE SIZE: BQ		LOGGED BY: E.A. Schink	
STARTED: AUGUST 17, 1976		DATE LOGGED: AUG. 19-20, 1976	
COMPLETED: AUGUST 18, 1976		DRILLING CO.: D.W. Coates Enterprises	
CORE RECOVERY: GOOD TO EXCELLENT	DIP TEST		
	DEPTH	READING	CORRECT
	63.4 m.	-56°	-48°

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
0	6.4 m.		Overburden
6.4	8.8 m.	good	Brecciated rhyolite, consists of angular fragments of pale to dark grey rhyolite in a pyritic groundmass.
8.8	9.5 m.	good	Pale grey banded rhyolite
9.5	14.8 m.	good	Fault gouge of finely comminuted rhyolite fragments in a grey pyritic clay matrix.
14.8	21.0 m.	excellent	Pale grey banded rhyolite, grading to massive rhyolite with short banded sections. Disseminations and veinlets of pyrite with some galena and sphalerite.
21.0	23.7 m.	good	Pale grey brecciated rhyolite, with angular fragments of grey massive rhyolite cemented by a stockwork of fine irregular pyrite veinlets.
23.7	26.5 m.	good	Pale grey rhyolite as breccia texture dies out.

TEXASGULF INC.

DRILL HOLE LOG

HOLE NO.
1-K76PAGE NO.
2

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
26.5	36.8 m.	good	Pale grey banded rhyolite, with short irregular zones of breccia, generally with abundant sulphides.
36.8	38.4 m.	excellent	Pale green rhyolite breccia, angular fragments of grey aphanitic rhyolite in a greenish matrix.
38.4	39.4 m.	excellent	Massive pyrite, galena and sphalerite.
39.4	44.7 m.	excellent	Grey to pale grey very fine grained rhyolite, locally banded. Sulphide content is generally low.
44.7	46.7 m.	excellent	Breccia, composed of fragments of above rock in a sparse matrix of quartz, pyrite and rare sphalerite.
46.7	55.4 m.	excellent	Pale grey rhyolite, aphanitic, siliceous, locally very weakly banded and with short breccia sections.
55.4	62.7 m.	excellent	Pale green rhyolite, with short breccia sections.
62.7	63.4 m.	excellent	Grey banded rhyolite, with very little sulphide mineralization.

PROPERTY: ESKAY CREEK	TEXASGULF INC. DRILL HOLE LOG	HOLE NO. 2-K76
LOCATION: 10,595 N; 9695 E		CLAIM: KAY 15
AZIM: 142° ELEV: 1040 m. DIP: -60°		SECTION: 10,595 N
DEPTH: 41.5 m. CORE SIZE: BQ		LOGGED BY: E.A. Schink
STARTED: AUGUST 19, 1976		DATE LOGGED: Aug. 23, 1976
COMPLETED: AUGUST 22, 1976		DRILLING CO.: D.W. Coates
CORE RECOVERY: POOR TO GOOD	Enterprises	

DIP TEST		
DEPTH	READING	CORRECT
40.8 m.	-65°	-58°

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
0	4.7 m.		Overburden
4.7	8.6 m.	good	Mixed pale green crystal-lapilli tuff, pale brown siltstone, and pale grey crystal-lapilli tuff. Locally abundant disseminated pyrite. Section ends with 5 cm. massive pyrite, galena and sphalerite.
8.6	10.8 m.	fair	Brecciated rhyolite, with angular fragments of grey aphanitic rhyolite and green weakly porphyritic rhyolite in an aphanitic siliceous matrix with abundant pyrite.
10.8	16.5 m.	good	Pale grey massive rhyolite, textureless or with weak banding. Short breccia sections. Considerable pyrite, locally some galena and sphalerite in fractures.
16.5	17.3 m.	good	Mixed fault gouge and fractured rhyolite.
17.3	18.6 m.	poor	Pale grey lapilli tuff, most fragments are dark green chloritized tuff.

PROPERTY: ESKAY CREEK	TEXASGULF INC. DRILL HOLE LOG	HOLE NO. 3-K76	
LOCATION: 10,595 N; 9696 E		CLAIM: KAY 15	
AZIM: 132° ELEV: 1040 m. DIP: -55°		SECTION: 10,595 N	
DEPTH: 21.6 m. CORE SIZE: BQ		LOGGED BY: E.A. Schink	
STARTED: AUGUST 22, 1976		DATE LOGGED: Aug. 24, 1976	
COMPLETED: AUGUST 23, 1976		DRILLING CO.: D.W. Coates Enterprises	
CORE RECOVERY: POOR TO FAIR	DIP TEST		
	DEPTH	READING	CORRECT

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
0	5.2 m.		Overburden
5.2	8.0 m.	poor	Pale coloured lapilli and crystall-lapilli tuff, sericitic and with abundant fine grained pyrite.
8.0	9.9 m.	fair	Pale grey rhyolite breccia, with subangular fragments of rhyolite lapilli in a grey aphanitic groundmass. Very short sections of semi-massive pyrite with some galena and spalerite.
9.9	10.8 m.	fair	Dark grey rhyolite breccia.
10.8	14.5 m.	fair	Pale grey massive rhyolite, with 8 cm. of massive pyrite, sphalerite and galena at 12.7 m.
14.5	21.6 m.	poor	Fault gouge, finely comminuted fragments of grey rhyolite in a matrix of clay and granulated pyrite. Hole lost due to fault.

PROPERTY: ESKAY CREEK		TEXASGULF INC. DRILL HOLE LOG		HOLE NO. 4-K76	
LOCATION: 10,642 N; 9680 E				CLAIM: KAY 15	
AZIM: 120 ^d ELEV: 1013 m. DIP: -50°				SECTION: 10642 N	
DEPTH: 106.1 m. CORE SIZE: BQ				LOGGED BY: E.A. Schink	
STARTED: AUGUST 24, 1976		DIP TEST		DATE LOGGED: Aug. 27, 1976	
COMPLETED: AUGUST 26, 1976				DRILLING CO.: D.W. Coates	
CORE RECOVERY: POOR TO EXCELLENT				Enterprises	
DEPTH		REC'Y	DESCRIPTION		
FROM	TO				
0	8.5 m.		Overburden		
8.5	11.4 m.	poor	Very fine-grained siliceous black argillite, with coarse rounded fragments of massive pyrite.		
11.4	17.0 m.	poor	Fault gouge, mostly finely comminuted rhyolite in a white clay gouge.		
17.0	29.6 m.	good	Dark green tuffaceous argillite, and argillaceous lapillistone. Sulphide content is very low overall.		
29.6	30.8 m.	excellent	Pyritic lapillistone, composed of weakly to moderately sericitized fragments in a pyritic matrix.		
30.8	37.5 m.	excellent	Rhyolitic lapillistone grading downward to rhyolite breccia. In the lowest part of the section, this is a crackle breccia, with unrotated fragments.		

TEXASGULF INC.

DRILL HOLE LOG

HOLE NO.
4-K76PAGE NO.
2

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
37.5	38.8 m.	excellent	Dark greenish grey feldspar crystal tuff, with strongly pyritic matrix.
38.8	48.0 m.	excellent	Rhyolite breccia, as above previous section, but lapillistone rather than crackle breccia. Pyrite content generally low.
48.0	51.0 m.	excellent	Dark greenish-grey feldspar crystal tuff grading down to argillaceous lapillstone.
51.0	52.4 m.	excellent	Rhyolite breccia, with dark blue-grey matrix.
52.4	60.9 m.	excellent	Complex section of fine to medium grained pyritic sediments, ranging from greywacke to rhyolitic lapillistone and pale grey crystal lapilli tuff.
60.9	61.3 m.	excellent	Massive pyrite, galena, sphalerite band.
61.3	71.7 m.	excellent	Brecciated rhyolite, angular fragments in a pyritic matrix.
71.7	98.8 m.	good	Pale greenish-grey massive rhyolite, very weak pyrite mineralization.
98.8	106.1 m.	good	Brecciated rhyolite, pale grey textureless rhyolite fragments set in a sparse, pyritic matrix. Some weak galena and sphalerite mineralization.

PROPERTY: ESKAY CREEK
 LOCATION: 10,518 N; 9724 E
 AZIM: 148° ELEV: 1040 m. DIP: -60°
 DEPTH: 14 m. CORE SIZE: BQ
 STARTED: AUGUST 27, 1976
 COMPLETED: AUGUST 27, 1976
 CORE RECOVERY: FAIR TO GOOD

TEXASGULF INC.

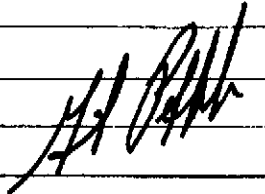
DRILL HOLE LOG

HOLE NO.
5-K76

CLAIM: KAY 15
 SECTION: 10,518 N
 LOGGED BY: E.A. Schink
 DATE LOGGED: Aug. 29, 1976
 DRILLING CO.: D.W. Coates
 Enterprises

DIP TEST		
DEPTH	READING	CORRECT

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
0	4.5 m.		Overburden
4.5	10.4 m.	excellent	Pale grey rhyolite, massive, with weak banding and short breccia sections. Pyrite content averages about 5%, minor galena and sphalerite mineralization.
10.4.	11.3 m.	good	Brecciated rhyolite, with weakly banded fragments. Fractures are strongly pyritic.
11.3	13.0 m.	good	Pale grey banded rhyolite, with traces of fine disseminated galena.
13.0	14.0 m.	good	Fault gouge of finely comminuted rhyolite fragments in a soft clay matrix. The matrix is strongly pyritic. Hole abandoned due to caving in fault.



PROPERTY: ESKAY CREEK	TEXASGULF INC. DRILL HOLE LOG	HOLE NO. 6-K76
LOCATION: 9517 N; 9773 E		CLAIM: KAY 11
AZIM: 103° ELEV: 1110 m. DIP: -45°		SECTION: 9517 N
DEPTH: 84.7 m. CORE SIZE: BQ		LOGGED BY: E.A. Schink
STARTED: AUGUST 28, 1976		DATE LOGGED: Aug. 29, 1976
COMPLETED: AUGUST 29, 1976		DRILLING CO.: D.W. Coates
CORE RECOVERY: GOOD TO EXCELLENT		Enterprises

DIP TEST		
DEPTH	READING	CORRECT
84.7 m.	-55°	-47°

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
0	0.6 m.		Overburden
0.6	2.9 m.	--	No core recovered
2.9	17.6 m.	good	Rhyolite breccia, consisting of lapilli to block-sized fragments of pale rhyolite set in a dark grey rhyolitic matrix. Fragment boundaries are diffuse. Some weak quartz veining with pyrite and traces of galena and sphalerite.
17.6	19.8 m.	excellent	Brecciated rhyolite, with angular fragments of grey rhyolite set in a sparse pyritic groundmass, locally with strong galena and sphalerite.
19.8	31.4 m.	good	Pale grey rhyolite breccia, resembling unit described at top of hole. Breccia texture very indistinct.
31.4	31.9 m.	good	Crackle breccia, composed of angular, very closely packed rhyolite fragments in a sparse pyritic matrix.

TEXASGULF INC.

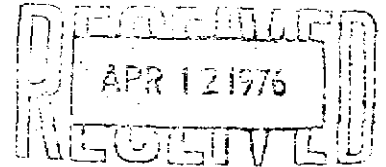
DRILL HOLE LOG

HOLE NO.
6-K76PAGE NO.
2

DEPTH		REC'Y	DESCRIPTION
FROM	TO		
31.9	37.6 m.	good	Pale grey massive rhyolite, essentially textureless. Rock is only sparsely mineralized with pyrite and traces of galena and sphalerite.
37.6	39.8 m.	good	Crackle breccia, as described above.
39.8	41.4 m.	good	Massive pale grey rhyolite as described above.
41.4	42.0 m.	good	Crackle breccia, as described above, but with less pyrite.
42.0	48.2 m.	good	Pale grey massive rhyolite, often with cherty appearance. Some sections are fractured and host weak pyrite, galena and sphalerite mineralization.
48.2	52.3 m.	good	Crackle breccia, as described above with a pyritic matrix.
52.3	60.6 m.	good	Pale grey massive rhyolite with short breccia sections. Becomes strongly banded toward bottom of section. Weak mineralization as above.
60.6	67.0 m.	good	Rhyolite breccia or lapillistone, comprising fine angular lapilli of dark aphanitic rhyolite in a pale aphanitic groundmass. Weak sulphide mineralization on fractures.
67.0	78.8 m.	excellent	Pale grey massive rhyolite, sericitic and very siliceous. Locally strongly fractured with some pyrite, galena and sphalerite on fractures. Section of 5 cm. semimassive galena, sphalerite and pyrite at 77.5 m.

APPENDIX B

DIAMOND DRILL CONTRACT



THIS AGREEMENT made this 8th day of March 1976.

BETWEEN:

TEXASGULF INC.,
701 - 1281 West Georgia St.
Vancouver B. C.

(hereinafter referred to as
"The Company")

OF THE FIRST PART

AND:

D. W. COATES ENTERPRISES LTD.,
256A Simpson Road
Richmond B. C. V6X - 2P9

(hereinafter referred to as
"The Contractor")

OF THE SECOND PART

WHEREAS the Company has requested the Contractor to complete a minimum of 1500 feet of drilling and other services as herein set forth, on the property of the Company in the Eskay Creek Property - Stikine River area in the Province of British Columbia.

AND WHEREAS the Contractor has agreed to do the said diamond drilling and to perform the other services requested upon the terms, conditions and provisos herein contained.

NOW THEREFORE this Agreement Witnesseth that in consideration of the payment of the amounts herein stipulated and of the mutual covenants hereinafter contained, the parties hereto agree as follows:

SCHEDULE OF RATES - CORING

THAT the Company hereby employs the Contractor to drill on the said property a series of bore holes using a BQ core barrel producing a core of approximately 1 7/16 inches. The Company agrees to pay the Contractor on a footage basis for all drilling according to the following schedule of rates:

<u>From</u>	<u>To</u>	<u>Price/Foot</u>
0	- 500' in depth	\$13.95

It is understood that measurement of all bore holes shall be from the top of the casing or stand pipe as the case may be.

OVERBURDEN

THAT the Company agrees to pay for casing or stand pipe for the first 25 feet in any hole according to the schedule of rates as quoted. The Company further agrees that in the event that casing or stand pipe on any hole exceeds 25 feet then charges for placing and pulling casing or stand piping on that hole shall be charged on a field cost basis from the collar of the hole.

Whenever pipe or casing is lost or left in a hole on the instructions of the Company's engineer, the Company agrees to pay for said casing or pipe at prices F.O.B. drill site plus fifteen percent.

The Company agrees to pay the Contractor for the cost of the diamond set shoe or bit in addition to the casing at cost plus fifteen percent.

The Company further agrees that should the casing or stand pipe exceed 25 feet in any hole, the Contractor would be reimbursed at the rate of \$.80 per foot of casing employed down the hole to cover wear and tear on the casing.

MOVING BETWEEN HOLES - SETTING UP - TEARING DOWN

THAT the Company agrees to pay the Contractor for all moves between drill site locations on a field cost basis. This item includes obtaining sills, tearing down, setting up and moving.

The Company would provide a helicopter to aid in moving between holes, at no cost to the Contractor.

Moving between drill areas would be performed on a field cost basis.

WATER SUPPLY

THAT the Company agrees that the supplying of all necessary water to the drill would be performed on a field cost basis.

TRANSPORTATION

THAT the Contractor agrees to move his men, equipment and supplies from his base to truck unload point and return from load point to base for the lump sum of \$2600.00.

The movement of men, equipment and supplies from truck unload point to first drill site and from last hole to load point will be charged on a field cost basis.

The Company would supply a helicopter for the mobilization demobilization and for continuing supplies as the job progresses at no cost to the Contractor.

The Contractor further agrees that should he be successful in obtaining other work for the drill in the Stikine Area, then the above mobilization lump sum would then be reduced by fifty percent.

ACID TESTS

THAT the Contractor agrees to take acid tests at the depths as instructed by the Company's engineer. Such tests will be charged at the rate of three feet of drilling at the depth the tests were taken.

DRILLING WITH MUD

THAT it is mutually agreed that should mud be required to penetrate the overburden and/or aid in core recovery while core drilling, such mud employed will be charged on a cost at job site/ basis plus fifteen percent.

Time employed mixing mud and stabilizing the drill hole would be charged on a field cost basis.

CEMENTING

THAT the Company agrees to pay the Contractor for the cementing of bore holes to stop cave-ins on an operating field cost basis.

Waiting for cement to set would be charged on a non-operating field cost basis.

TRAVELLING TIME

THAT the Company agrees that should the time required to walk or ride from the camp to the drill site and return per shift be greater than $\frac{1}{2}$ hour, then that "over" will be recovered on a field cost basis.

REAMING AND CASING

THAT the Company agrees that all reaming and casing that is necessary to stop cave-ins or maintain the return flow of water shall be completed at the Company's request and that the cost of performing such reaming and placing of such casing as may be required will be charged on a field cost basis.

Casing would be charged at the rate of \$.80 per reamed foot.

DIRECTIONAL AND CONTROLLED DRILLING

THAT it is mutually agreed that directional drilling to change the direction of a bore hole and controlled drilling to maintain the angle of a bore hole shall not be part of this agreement.

SECURITY

THAT the Contractor will not give out any information regarding drill results or access to core to any person other than to the Company's representative.

BOARD AND LODGING

THAT the Company agrees to supply suitable board and lodging for the Contractor's crews at no cost to the Contractor.

CORE BOXES

THAT the Company agrees to pay the Contractor \$4.50 per box and \$1.50 per lid, supplied at their request.

CORE SPLITTER

THAT the Contractor agrees to supply a core splitter if requested, at the rate of \$30.00 per month.

DRILLING SITES

THAT the Contractor agrees to case and drill on the sites and at angles and azimuths selected by the Company representative and to follow the instructions of the said representative relating to place and time of drilling.

FIELD COSTS

THAT the Company agrees that the following rates shall apply when certain work as defined in this contract is performed on a field cost basis. "Field Cost" is defined as all direct labour, including supervision, drill and support equipment per hour,

and cost of pipe or casing lost, diamond loss, and materials and supplies consumed in this work.

Operating Field Costs:

Labour.....	\$13.00 per man hour
Drill.....	.\$ 8.00 per hour
Pump.....	.\$.85 per hour
Mud Mixer.....	.\$.60 per hour

Materials Consumed.....Cost at job site plus 15 percent.

Note: No charge is made for drill or pumps when mobbing or demobbing and moving between holes.

Non-Operating Field Costs or Standby Time: (Max. 8 hrs. per day)

Labour.....	\$12.00 per man hour
Drill - Equipment.....	.\$ 5.00 per hour

PAYMENTS

THAT the Company agrees to make payments at the rates hereinbefore specified in accordance with the terms hereinafter set out, that is: For all work done hereunder between the first and 15th day and the 16th and last day of the month, payment shall be due and payable in 15 days. Interest at a rate of twelve percent per annum shall be added to all accounts more than thirty days overdue, from date of invoice. These payments shall be made as the work progresses in conformity with the Contractor's semi-monthly invoices.

RIGHTS-OF-WAY

THAT the Company agrees at its own expense to provide all rights-of-way, all rights of ingress and egress and all real property that may be required in connection with said work, including real property upon which all necessary temporary buildings may be erected, and other facilities required, and shall also warrant the quiet and peaceful possession of all such real property and shall save the Contractor harmless from any and all damages, claims, demands, costs or charges of whatever kind or character incident to the occupation of said real property.

CAVED OR BROKEN GROUND

THAT in the event cavities or loose and caving materials are encountered of a nature as to prevent the successful completion of any hole, the Contractor does not, under such conditions, guarantee to drill to a predetermined depth and in the event that it becomes necessary to abandon the hole, the Company agrees to pay for such incompleted holes at the rates herein specified for all footage completed.

In the event it becomes necessary to resort to cementing, reaming or casing, the Company agrees to reimburse the Contractor to the extent of field cost.

ENVIRONMENT

THAT during the course of the work, the Contractor shall at all times keep the clients premises free from accumulation of waste

material or rubbish and upon completion of the work shall remove all tools, scaffolding and surplus material and leave the premises in a clean condition. The Contractor shall observe and comply with all applicable Federal and Provincial laws, regulations and orders relating to prevention of Forest fires and sanitation in the bush.

COMPENSATION

THAT the Contractor agrees that the men employed by him in the performance of this Contract shall be fully covered under the Worker's Compensation laws according to the Province of British Columbia and will keep such men covered and will pay the assessment required and will protect the Company from any action arising therefrom, excluding however, claims arising out of any negligent act or omission of the Company, its servants or agents.

ESCALATION

THAT both the Contractor and Company appreciate the inflationary forces that are prevalent and active today. It is thus agreed that the enclosed schedule includes (1) the labour rates that are in effect as at April 1/76 and the (2) costs for diamonds, rods, casing and fuel as of February 15/76

Should there be any marked increase in (2) then it is agreed that the schedule of rates would be adjusted to compensate for the increases.

INSURANCE

THAT the Contractor, during the entire term of this agreement, will keep in full force and effect a policy of public liability and property damage insurance with respect to the work undertaken in this agreement, in the amount of \$1,000,000 for any one accident.

The insurance shall be with an insurance company duly licensed to do business in the Province of British Columbia.

RIGHT OF CANCELLATION

THAT the Contractor reserves the right to cancel this contract should its fulfillment be rendered impossible by:

(a) War, invasion, insurrection, riot, the order or regulations of any civil or military authority, or by strikes, lockouts, or labour disputes, whether in or in the neighbourhood of the Contractor's plant or of that of any supplier of materials necessary for the completion of the contract.

(b) The inability to obtain essential materials and supplies due to priority restriction.

(c) The inability to secure labour due to restrictions or causes beyond the Contractor's control, and the Contractor shall not be liable for any loss or damage directly or indirectly suffered by the Company by reason of exercise of such right of cancellation.

THAT it is mutually agreed that this agreement shall be binding upon and enure to the benefit of the parties hereto, their respective successors and permitted assigns, but shall not be assignable by either party without the consent in writing of the other party first had and obtained.

THAT it is further agreed that this agreement and any dispute arising hereunder shall be interpreted and determined in accordance with the laws of the Province of British Columbia.

THAT any notice required to be given hereunder shall be properly given if mailed by registered letter addressed to the Company as follows:

Texasgulf Inc.,
701 - 1281 West Georgia Street
Vancouver B. C.

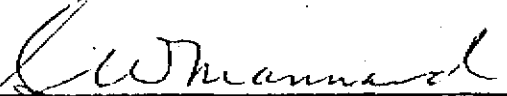
or to the Contractor by registered letter addressed as follows:

D. W. Coates Enterprises Ltd.
256A Simpson Road
Richmond B. C. V6X - 2P9

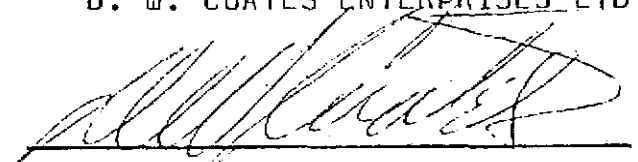
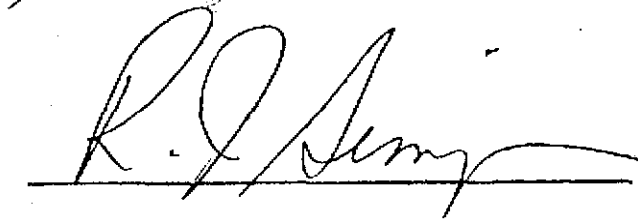
IN WITNESS WHEREOF these presents have been executed by the parties hereto the day and year first above written:

SIGNED, SEALED AND DELIBERED
in the presence of

TEXASGULF INC.


Regional Mgr.

D. W. COATES ENTERPRISES LTD.

APPENDIX C

STATEMENTS OF QUALIFICATIONS

STATEMENTS OF QUALIFICATION

Texasgulf Personnel

E.A. Schink - Geologist

Allan Schink obtained his B.Sc. degree in Geology from the University of British Columbia in 1974. While attending university, he was employed in exploration during the summer field seasons by Noranda Exploration Co. Ltd. and Hudson's Bay Oil & Gas Co. Ltd. After graduation, he was employed by Hudson's Bay Oil & Gas Co. Ltd. as a geologist for a period of six months, gaining experience in property mapping and regional exploration projects. He was employed by Texasgulf during the 1975 and 1976 field seasons and is currently enrolled in an M.Sc. degree programme at Queens University.

L.A. McJannett - Field Assistant

Mr. McJannett obtained his B.A. degree in Economics and South-East Asian Studies from the University of Hull, Humberside, Great Britain in 1976. He has worked in mineral exploration for Texasgulf Inc. for five field seasons where his work has included camp managing, linecutting, soil sampling and trenching. He is regarded as experienced and competent in these areas.



Don't film
this page

APPENDIX D

STATEMENT OF EXPENDITURES

EXPENDITURE STATEMENT

ESKAY CREEK PROPERTY

D.W. Coates Enterprises, direct invoiced
costs for 1225' drilling, with mob,
demob, cook's wages, etc. \$32,383.59

Room and Board:

126 man days @ \$25.00 \$ 3,150.00

Texasgulf Personnel:

E.A. Schink - Supervision
18 days @ \$52.50 \$945.00

L. McJannett - Assistant
18 days @ \$40.00 \$720.00

\$1665.00 \$ 1,665.00

Helicopter Support:

Texasgulf Bell 206B \$10,500.00
35 hrs. @ \$300/hr.

Okanagan Bell 206B \$ 9,900.00
30 hrs. @ \$330/hr.

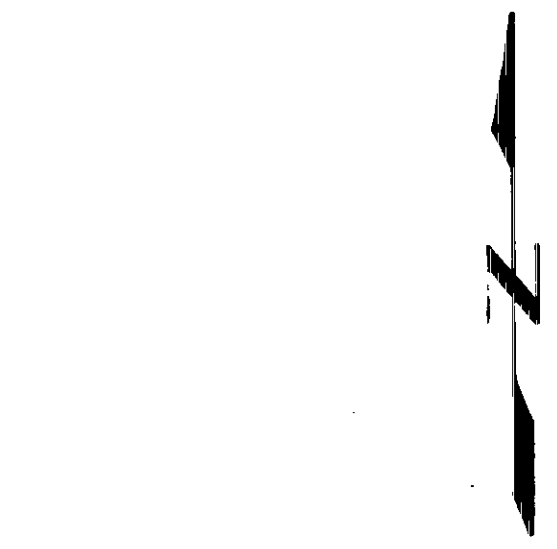
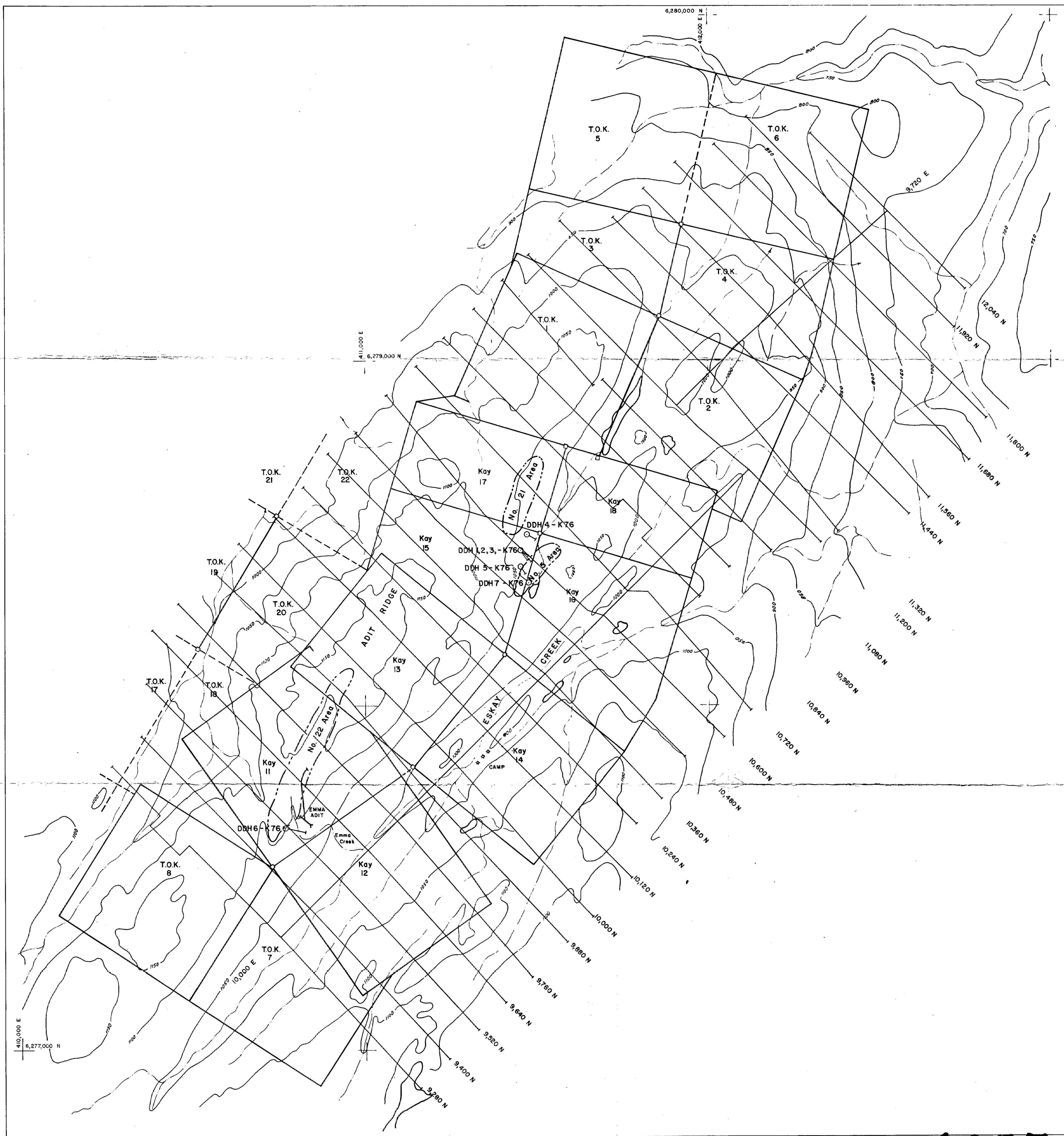
\$20,400.00 \$20,400.00

\$57,598.59

Note that only \$39,318.25 was originally filed, as
invoicing was incomplete, and this total was sufficient
for our purposes.

G.R. Peatfield, P.Eng.





DDH6-K76  Diamond Drill Hole Location

MINERAL RESOURCES BRANCH
ASSESSMENT REPORT
NO. **6075**
MAP NO. **#1**

To Accompany
Report on Diamond Drilling Programme
S.I.B., T.O.K. and KAY CLAIMS
Tom MacKay Lake Area - Skeena Mining Division
by
E.A. Schink, B.Sc. & G.R. Peatfield, P.Eng.

Texasgulf Inc.

Fig. 3
GRID MAP, DIAMOND DRILL HOLES
& WORK AREA LOCATIONS
ESKAY CREEK OPTION

104 B / 9 W			
WORK BY	DRAWN BY	DATE	DRW.G. NO.
G.R.P.	E.R.	NOV. 1976	

Scale in Metres 1 : 5,000

6075